

Message Text

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ACTION IO-10

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STR-04 TRSE-00 CIEP-02 CEA-01 H-02 AF-06 ARA-10 EA-10

NEA-09 INT-05 HUD-02 HEW-06 FEAE-00 OES-05 /130 W

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TAGS: AORG, AFIN, APER, UNIDO

SUBJ: UNIDO - 1976-77 PROGRAM BUDGET IDB-IX, AGENDA ITEM 5C

1. UNIDO SECRETARIAT HAS PROVIDED EACH PERMANENT MISSION TWO ADVANCE COPIES OF "PROGRAMME BUDGET FOR 1976-77" (ID/B/154), ON WHICH THIS TELEGRAM BASED. DISTRIBUTION OF THIS DOCUMENT, WHICH IS TO BE BASIS FOR IDB-IX CONSIDERATION, IN NORMAL NUMBER OF COPIES NOT EXPECTED BEFORE NEXT WEEK. IN ORDER THAT DEPT MAY BEGIN STUDY OF 1976-77 PROGRAM BUDGET WE HAVE OBTAINED AND AIRMAILED TO IO/CMD - HOFFMAN TWO COPIES OF PROGRAM BUDGET AS RECEIVED FROM UN HEADQUARTERS AT NEW YORK - PARAGRAPHING OF THAT VERSION REPORTEDLY CORRESPONDS WITH LOCALLY REPORDUCED VERSION.

2. EXTREME TARDINESS OF DISTRIBUTION OF THIS DOCUMENT CALLS FOR SHARP PROTEST. WHILE UNIDO SECRETARIAT REMISS IN NOT ACHIEVING MORE RAPID REPRODUCTION, ENGLISH-LANGUAGE VERSION ALLEGEDLY ONLY RECEIVED AT UNIDO FROM NEW YORK ON MARCH 16 AND OTHER LANGUAGE VERSIONS

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HAVE TRICKLED IN SINCE. DEPT IN CONSULTATION WITH USUN

SHOULD DETERMINE EXTENT OF ONUS THAT ATTACHES TO UN HEADQUARTERS.

3. 1976-77 PROGRAM BUDGET FOR UNIDO CALLS FOR ESTIMATED EXPENDITURES OF \$44.98 MILLION COMPARED WITH 1974-75 APPROPRIATION OF \$36.65 MILLION. THIS IN TERMS OF 1975 RATES PROVIDES FOR \$1 MILLION OR 2.5 PERCENT REAL GROWTH OVER PREVIOUS BIENNIAL (REMAINDER OF DOLLAR INCREASE LARGELY REPRESENTS INFLATION). THIS FIGURE COMPLIES WITH SYG'S GUIDELINES FOR REAL GROWTH AND CONSTITUTES, IN MISSION'S VIEW, A REASONABLE MINIMUM (WHICH FALLS IN FACT WELL SHORT OF FUNDS REQUIRED TO PERMIT UNIDO TO MEET THE DEMAND FOR ITS SERVICES AS EXECUTING AGENT EXPRESSED UNDER APPROVED UNDP COUNTRY PROGRAMS).

4. ALMOST ALL OF \$1 MILLION BUDGETED FOR REAL GROWTH OVER THIS BIENNIAL JUSTIFIED IN TERMS OF ENHANCING UNIDO'S CAPACITY DELIVER TECHNICAL ASSISTANCE (PARA 12.81 NOTES 55 PERCENT OF OVERHEAD COSTS MUST BE MET FROM REGULAR BUDGET) AND APPEARS ALLOCATED WITHIN UNIDO IN TERMS OF RESPECTIVE DIVISION'S RELATIVE SHARE OF TECHNICAL ASSISTANCE ACTIVITY. THUS, \$259,000 ALLOCATED TO INDUSTRIAL TECHNOLOGY DIVISION, WHICH HAS RESPONSIBILITY FOR ABOUT 50 PERCENT OF UNIDO'S PROJECTED OPERATIONAL ACTIVITY. ISI DIV. ALLOCATED \$161,000 OF "REAL GROWTH MONEY" AND IPP ONLY \$20,000. PRACTICAL EFFECT OF THIS IS TO DEFER THE EXPANDED PROGRAM OF STUDIES AND RESEARCH RECOMMENDED BY THE AD HOC COMMITTEE ON LONG-RANGE STRATEGY OF UNIDO, AS ABDEL-RAHMAN (UNIDO'S FORMER EXEC. DIR.) FORECAST AT LAST SUMMER'S ECOSOC SESSION WOULD BE NECESSARY CONSEQUENCE OF CONTINUED BUDGETARY CONSTRAINTS. MISSION SEES NO PRACTICABLE ALTERNATIVE TO THIS COURSE, GIVEN EXTENT OF DEMAND FOR UNIDO'S SERVICES AS EXECUTING AGENT, CONTINUING PROBLEM OF OVERHEAD COSTS AND NEAR ZERO GROWTH IN REAL TERMS OF REGULAR BUDGET, BUT EFFORT SHOULD BE MADE TO ENSURE THAT THOSE STUDIES AND RESEARCH PROJECTED TO BE UNDERTAKEN ARE AS WELL CHOSEN AND DESIGNED AS FEASIBLE. (PARA 5L BELOW).

5. THERE FOLLOWS A NUMBER OF MORE SPECIFIC COMMENTS ON 1976-77 BIENNIAL PROGRAM BUDGET (PB) RUNNING FROM FRONT UNCLASSIFIED

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TO BACK OF ID/B/154.

A. IN CONTRAST TO 1974-75, PB PROVIDES FOR NO RPT NO DEPUTY EXEC. DIR. (ASG), AS FORECAST IN PREVIOUS CABLE. PROFESSIONAL AND GENERAL SERVICES-LEVEL POSTS FUNDED BY EXTRA-BUDGETARY RESOURCES REMAIN CONSTANT, WHILE PROFESSIONAL-LEVEL STAFF FROM THE REGULAR BUDGET WOULD INCREASE BY 20 AND GS-LEVEL STAFF BY 34 OVER PREVIOUS

BIENNIUM. THUS, PROFESSIONALS WOULD NUMBER 394 AND GS WOULD TOTAL 614. THERE WOULD ALSO BE INCREASE OF 3 IN MANUAL WORKERS CATEGORY BRINGING THESE TO 90. GRAND TOTAL OF STAFF WOULD BE 1,098 AS COMPARED WITH 1,041 FOR 1974-75. (STAFFING FIGURES GIVEN FOR 1974-75 BIENNIUM INCLUDE REDUCTION FROM THOSE AUTHORIZED, REFLECTING SOME LOCAL RETRENCHMENT, AND ARE SHARPLY BELOW THOSE CONTAINED IN PB DOCUMENT FOR 1974-75 SUBMITTED TO IDB-VII IN 1973, WHICH WERE SUBSEQUENTLY REDUCED BY THE ACABQ.)

B. PROPOSED NEW PROFESSIONAL STAFF CONCENTRATED AT P-5 LEVEL (10 OF 20 NEW POSTS), PARTICULARLY IN ITD WHERE OF 6 NEW PROPOSED PROFESSIONAL POSTS ALL ARE AT P-5 LEVEL. OF REMAINING 10 NEW POSTS, 7 AT P-4 LEVEL, 1 AT P-3 AND 2 AT P-2/1. WE ARE DOUBTFUL THAT THESE INFLATED LEVELS JUSTIFIED AND HAVE SOME INDICATION THAT THEY REQUESTED ON "NOTHING VENTURED, NOTHING GAINED" BASIS.

C. IN PARA 12.2 OF PB, SYG FORESEES A FOLLOW-UP MEETING TO UNIDO-II IN 1976. NO EXPLANATION IS GIVEN, ALTHOUGH LIMA DECLARATION'S RECOMMENDATIONS PERTAINING TO INSTITUTIONAL ARRANGEMENTS COULD LEAD TO NEW IDB COMMITTEE THAT MAY INDEED DRAW DOWN THESE FUNDS IN 1976. FORECAST OF PREPCOMM MEETINGS IN 1977 FOR UNIDO-III MAY BE TOO EARLY IF UNIDO-III HELD AFTER FOUR YEARS.

D. PARA 12.8 CONTAINS SUBPARA WITH PARENTHETICAL STATEMENT THAT "CONTACTS AND CONSULTATIONS WILL BE PROMOTED" TO ASSIST LDC'S INCREASE THEIR SHARE IN WORLD MARKETS FOR MANUFACTURED GOODS. THIS WILL HAVE TO BE EXAMINED IN LIGHT OF PROPOSED OR PROJECTED CONCRETE ACTIVITY TO THIS END. (SEE PARA 12.13, UNNUMBERED SUBPARA 5 AND 12.43, UNNUMBERED SUBPARA 5.)

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E. THROUGHTOUT DOCUMENT STATEMENTS APPEAR LUMPING TOGETHER INDIVIDUALS BEING TRAINED AS "THROUGH FELLOWSHIPS, TRAINING PROGRAMS, STUDY TOURS AND AS COUNTERPARTS TO EXPERTS." WHILE WE AGREE TRAINING TAKES PLACE IN ALL THESE CATEGORIES, FOR PURPOSES OF FORMAL PB DOCUMENT THIS IS UNHELPFUL-- GREAT MAJORITY OF INDIVIDUALS SUBSUMED UNDER THESE FIGURES ARE COUNTERPARTS. WHAT IS NEEDED IS STATEMENT OF ACTUAL PROGRAMMED TRAINING THAT DIRECTLY FUNDED FROM BUDGET. THIS WE WERE UNABLE TO FIND.

F. PARA 12.13 CALLS FOR "EXAMINATION OF POTENTIAL FOR, AND PROMOTION OF, THE ESTABLISHMENT OF PRODUCER-PROCESSOR ASSOCIATIONS, PARTICULARLY IN

THE ALUMINUM AND IN THE IRON AND STEEL INDUSTRIES."
WE ASSUME DEPT. WILL WISH STRENUOUSLY OPPOSE PROVISION
FOR PROMOTION SUCH ASSOCIATIONS.

G. WE PROPOSE QUERYING (AT IDB) WHY THE
STRIKINGLY LARGE NUMBER OF VERY SMALL PROJECTS
IN THE FERTILIZER, PESTICIDE AND PETROCHEMICAL
INDUSTRIES SECTION (PARA 12.18). WE WANT ALSO TO
LOOK MORE CLOSELY AT PROJECTED ESTABLISHMENT OF
PETROLEUM INSTITUTES (PARA 12.19) AND REASONS FOR
SPECIAL ATTENTION TO EXPERTISE OF FERTILIZER ASSOC.
OF INDIA (IBID). AMUSINGLY, PARA 12.20
CALLS FOR NEW P-5 POST IN THIS SECTION TO CARRY
OUT WORK ON "PLAN OF ACTION FOR FERTILIZERS LAID

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FRB-01 OMB-01 TAR-01 SP-02 AGR-10 AID-05 CIAE-00

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DOWN" BY UNIDO-II; ALTHOUGH THE SECTION CONCERNED
HAD BEEN TOUTING SUCH A PLAN OF ACTION, IT WAS
NEVER CONSIDERED AT LIMA.

H. PARA 12.25 CALLS FOR ESTABLISHMENT OF "AN
INDUSTRIAL CONSTRUCTION INFORMATION SERVICE".
WHEHTER THIS DESIRABLE AND, IF SO, WHETHER THIS

BELONGS IN INDUSTRIAL INFO CLEARING HOUSE SHOULD BE EXAMINED.

I. PARA 12.31, CONCERNED WITH INDUSTRIAL INFORMATION, COULD USEFULLY BE EXAMINED MORE CLOSELY. WE PROPOSE INQUIRING WHAT SHARE OF 4,000 PER YEAR INQUIRIES ARE REFERRED TO COMMERCIAL CONSULTANTS, WHAT AVERAGE AND GROSS COST OF INQUIRY PROCESSING IS, AND BREAKDOWN OF REFERRALS BY NATIONALITY OF CONSULTANT.

J. WHETHER SMALL-SCALE INDUSTRIES SECTION SHOULD HAVE CAPACITY SEPARATE FROM INDUSTRIAL FINANCING AND INVESTMENT PROMOTION SECTION FOR UNCLASSIFIED

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"ESTABLISHMENT OR IMPROVEMENT OF FINANCING FACILITIES FOR SMALL-SCALE INDUSTRIES", (PARA 12.35) SHOULD BE EXAMINED.

K. INFORMATION GIVEN ON INDUSTRIAL TRAINING SECTION (PARA 12.37) TOO SPARSE TO GIVE ANY INDICATION OF FOCUS OR PRIORITIES OF TRAINING.

L PB MAKES NO EXPLICIT REFERENCE TO ESTABLISHMENT OF EITHER AN ADVISORY PANEL OF HIGH-LEVEL EXPERTS FROM UNIDO MEMBER STATES TO GIVE ADVICE AND GUIDANCE ON UNIDO'S STUDY PROGRAM (PARA 29 OF ID/B/142) OR AN ADVISORY PANEL TO OVERSEE THE INVESTMENT PROMOTION PROGRAM (PARA 52 OF ID/B/142) ALTHOUGH REFERENCE IS MADE IN PB'S PARA 12.41 TO OBTAINING EXPERT ADVICE THROUGH AD HOC EXPERT MEETINGS. WE BELIEVE THAT US DEL SHOULD REITERATE NEED FOR SUCH ADVISORY PANELS AND PRESS FOR THEIR ESTABLISHMENT.

M. UNNUMBERED SUBPARA 5 OF PARA 12.43 READS, "IDENTIFICATION OF INDUSTRIAL ENTERPRISES IN DEVELOPED COUNTRIES THAT COULD BE RELOCATED TO DEVELOPING COUNTRIES AND ASSISTANCE IN TRANSPLANTING EIGHT SUCH ENTERPRISES". WE ASSUME THIS WILL GIVE US AND SOME OTHER GROUP B DELS DIFFICULTY. ALSO, FLOCK OF INVESTMENT PROMOTION MEETINGS CITED IN FOLLOWING SUBPARA SHOULD BE STUDIED BY ADVISORY PANEL, IF AND WHEN SET UP; IN LIGHT OF PAST EXPERIENCE WITH SUCH MEETINGS, US WILL PROBABLY WISH TO RESERVE ON THEIR SCHEDULING PENDING VETTING BY SUCH PANEL.

N. PARA 12.48, DEALING WITH FIELD COOPERATION, ENUMERATES CATEGORIES OF FIELD PERSONNEL INVOLVED; WE ARE UNCLEAR IF THESE INVOLVE INCREASE IN FIELD STAFF OR CONTINUATION OF CURRENT PROGRAM LEVELS. INTERESTINGLY, THIS SECTION OBSCURES PROJECTED NUMBER OF SENIOR

INDUSTRIAL DEVELOPMENT FIELD ADVISERS.

O. SECTION ON UNIDO/IBRD CO-OPERATIVE PROGRAM (PARAS 12.51-12.54) PROMISES SUBSTANTIAL LEVEL OF ACTIVITY (AND GREATEST RELATIVE REAL PROGRAM INCREASE IN PB). WE SHALL INQUIRE CONCERNING "UNIDO INDUSTRY INVESTMENT CENTRE" PROJECTED TO UNCLASSIFIED

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BE ESTABLISHED DURING 1976-77 BIENNium (PARA 12.54).

P. WE NOTE PROJECTION THAT 12 TO 15 PERCENT OF TOTAL IPF IN SECOND CYCLE WOULD BE EARMARKED FOR PROJECTS FALLING WITHIN UNIDO'S COMPETENCE (PARA 12.57).

Q. AS NOTED ABOVE, WE REGARD PROJECTED ADDITIONAL POSTS FOR ADMINISTRATIVE SERVICES JUSTIFIED (PARAS 12.60-12.61) AND SUSPECT THAT THOSE FOR FINANCIAL SERVICES (PARAS 12.62-12.63) ALSO JUSTIFIED.

R. WE ARE DOUBTFUL RE NEED FOR ARABIC LANGUAGE TRAINING (PARA 12.64-UNIDO CURRENTLY PROVIDES COURSES IN ENGLISH, FRENCH, SPANISH AND RUSSIAN, WITH VERY LITTLE DEMAND FOR RUSSIAN). IN ANY EVENT, BUDGET IN TABLE 12-18 DOES NOT APPEAR PROVIDE ADDITIONAL FUNDS FOR ARABIC OR CHINESE.

S. THE "WORKABLE PROJECT INFORMATION SYSTEM" CITED IN PARA 12.70 APPEARS CONSTITUTE REPLACEMENT FOR ELABORATELY DESIGNED AND BY ALL ACCOUNTS USELESS MISPI SYSTEM DESIGNED THREE YEARS AGO (PARA 12.70).

T. DEPT'S SPECIAL ATTENTION INVITED TO PARAS 12.77-12.81, WHICH IN EFFECT CONSTITUTE ABSTRACT OF 1976-77 PB AND IN PARA 12.81 DRAW FOUR OVERALL CONCLUSIONS. (IN THIS CONNECTION, USDEL SHOULD BE PROVIDED WITH BACKGROUND PAPER ON HOW PROBLEM OF GAP BETWEEN "REAL" OVERHEAD COSTS AND ACTUAL UNDP PAYMENTS BEING HANDLED IN OTHER MAJOR EXECUTING AGENCIES.)

6. IN GENERAL AMOUNT OF INFORMATION ON AND INSIGHTS PROVIDED INTO PROPOSED WORK PROGRAM OF SUBSTANTIVE DIVISIONS AND ACTIVITIES OF COMPONENT SECTIONS LESS THAN PROVIDED IDB-VII IN DOCUMENTS ID/B/119 AND ADD. 1. DEPT WILL RECALL THAT ADDENDUM PREPARED AT THAT TIME ON INITIATIVE OF EXECUTIVE DIRECTOR.

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7. MISSION ASSUMES USDEL WILL BE AUTHORIZED TO ACCEPT PROGRAM/BUDGET, AS AT IDB-VII, "IN ACCORDANCE WITH THE PROGRAM/BUDGETING PROCEDURES ESTABLISHED BY THE SYG", AFTER RAISING QUESTIONS AND PERHAPS EXPRESSING DISAGREEMENTS ON VARIOUS POINTS SUCH AS THOSE CITED ABOVE. HOWEVER, MISSION ASSUMES THAT DEPT WILL WISH TO GO EXPLICITLY ON RECORD AS OPPOSING AND/OR RESERVING ITS POSITION WITH RESPECT TO PARA 12.13 (PARA 5F ABOVE) AND PERHAPS PARA 12.43, FIFTH SUB-PARAGRAPH (PARA 5M ABOVE), THE LATTER ON GROUNDS THAT SECRETARIAT HAS MADE NO DEMONSTRATION THAT "EIGHT SUCH ENTERPRISES" ARE AWAITING ASSISTANCE BY SECRETARIAT FOR TRANSPLANTATION TO LDC'S. IN GENERAL, MISSION'S FEELING AT THIS STAGE IS THAT WE SHALL BE FORTUNATE TO ESCAPE DRIVE BY G-77 TO BEEF UP PROGRAM/BUDGET IN ORDER TO "IMPLEMENT THE DECISIONS AND RECOMMENDATIONS OF THE LIMACONFERENCE".

8. PRECEDING WAS PREPARED PRIOR RECEIPT REFTEL. MISSION HOPES THAT ABOVE MATERIAL SUFFICIENT TO ENABLE DEPT PREPARE POSITION PAPER ON PROGRAM/BUDGET. UNFORTUNATELY, SECRETARIAT ADVISES THAT MEDIUM-TERM PLAN FOR 1976-79 (ID/B/153) NOT YET AVAILABLE. MISSION WILL EXAMINE AND PREPARE DRAFT POSITION PAPER ASAP. MEANWHILE, MAY BE POSSIBLE FOR DEPT. TO OBTAIN IT FROM UNNY WHICH WE UNDERSTAND SUBMITTED DOCUMENT TO ECOSOC PROGRAM AND COORDINATION COMMITTEE AT ITS RECENT SESSION. WE HAVE BEGUN READING EXEC. DIR'S ANNUAL REPORT (ID/B/150) AND HOPE TRANSMIT DRAFT POSITION PAPER IN NEXT COUPLE OF DAYS. STIBRAVY

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